

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 449 - HB 713

February 25, 2021

SUMMARY OF BILL: Requires a local education agency (LEA) to allocate funding for payments, on a prorated daily basis, for students to be admitted to out-of-state mental health facilities if certain criteria are met. Requires a student to be currently enrolled in a public school at the time of admission to a mental health facility and lengthens a student's required enrollment period to one full school year in a state public school prior to a student's admission to a mental health facility. Authorizes the Department of Education (DOE) and LEAs to monitor the out-of-state residential mental health facility for compliance if an LEA allocates funds to such facility pursuant to this Act. Requires DOE to determine various outlined criteria prior to the medical placement decision.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$89,900/FY21-22 and Subsequent Years

Decrease Local Revenue – \$141,000/FY21-22 and Subsequent Years

Assumptions:

- Tennessee Code Annotated § 49-3-370 requires LEAs to allocate funds and make payments to qualifying, in-state, mental health facilities for students with a medical necessity meeting specified school enrollment criteria.
- Based on information from DOE, approximately 889 students are placed into in-state residential mental health facilities each year.
- The average daily rate for residential mental health facilities in FY20-21 is \$47 per day; it is estimated that 100 students each year are placed in out-of-state facilities and the proposed legislation will provide funding for those students.
- As additional students would qualify for funding, payments will be transferred from LEAs to out-of-state residential mental health facilities that meet all requirements.
- Assuming an average stay of 30 days, the amount of state and local revenue shifted from LEAs to the-out-of-state facilities is estimated to be \$141,000 (100 students x 30 days x \$47 per day).
- It is estimated that the proposed legislation will result in a recurring decrease in local revenue in the amount of \$141,000 beginning in FY21-22.
- DOE will require one additional full-time employee to approve and monitor out-of-state facilities.

- The cost for one Education Consultant 2 position at a minimum salary point is estimated to be \$89,855 (\$54,120 salary + \$15,735 benefits + \$20,000 travel).
- The total recurring increase in state expenditures is estimated to be \$89,855 beginning in FY21-22.
- No significant impact to state education funding or to the Basic Education Program funding formula.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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